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JING QI “GEE” WEIDEN  
8

9 UNITED STATES DISTRICT COURT  
10 NORTHERN DISTRICT OF CALIFORNIA  
11 SAN JOSE DIVISION

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 KATHERINE MOGAL,  
16 ANA ROSARIO,  
17 PATRICK NARRON,  
18 PATRICIO ROMANO,  
RONG “AUDREY” ZHANG,  
JING QI “GEE” WEIDEN,

19 Defendants.  
20

CASE NO. 18-cr-00259 BLF

**DEFENDANT JING QI “GEE”  
WEIDEN’S MOTION TO DISMISS**

Date: December 11, 2018

Time: 10:00 a.m.

21  
22 TO THIS HONORABLE COURT, AND GOVERNMENT COUNSEL, AND  
23 DEFENSE COUNSEL:

24 PLEASE TAKE NOTICE that on December 11, 2018 at 10:00 a.m., or as soon  
25 thereafter as this matter may be heard, in the courtroom of the Honorable Beth L. Freeman,  
26 United States District Judge, defendant Jing Qi “Gee” Weiden will, and hereby does, move this  
27 Court to dismiss the indictment against her because the government is precluded by collateral  
28

1 estoppel from proving an element of the offense. This motion is based on the United States  
2 Constitution, the Federal Rules of Criminal Procedure, the accompanying memorandum of  
3 points and authorities, the pleadings that have been filed in this matter, and such further  
4 argument and evidence as may be presented prior to and during the hearing on this motion.

5 FURTHER, counsel for Ms. Weiden has conferred with the government, and the parties  
6 have agreed to a briefing schedule that complies with Crim. L.R. 47-2, providing 14 days for the  
7 Court to review the fully briefed motion. Pursuant to this agreement, counsel for Ms. Weiden  
8 will file this motion by Nov. 2, 2018, the government will respond by Nov. 16, 2018, and Ms.  
9 Weiden will reply by Nov. 27, 2018.

10  
11 DATED: November 2, 2018

Respectfully submitted,

12 /s/

13 \_\_\_\_\_  
14 Josh A. Cohen  
15 Jonathan M. Baum  
16 Attorneys for JING QI “GEE” WEIDEN  
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1 **MEMORANDUM OF POINTS & AUTHORITIES**

2 A conviction for possessing a purportedly stolen trade secret requires that a trade secret  
3 have been possessed. Accordingly, the government cannot prevail in its case against Jing Qi  
4 “Gee” Weiden unless it proves beyond a reasonable doubt that the information alleged to have  
5 been in her possession qualifies as a trade secret as a matter of law.

6 This is an impossible burden. The United States has already litigated the question  
7 whether the supposed trade secret Ms. Weiden allegedly possessed was, in fact, a trade secret.  
8 After more than a year of litigation and a six-day trial before the International Trade  
9 Commission, the Commission answered that question with a resounding “no.” In an 87-page  
10 opinion, an administrative law judge found that Ms. Weiden did nothing wrong, and that the  
11 supposed trade secret she possessed – information about vendors who supplied circuit boards to  
12 a wide array of electronics manufacturers – was not a trade secret at all, but merely “the kind of  
13 knowledge that is generally acquired by experienced employees in an industry.”

14 Now, despite that finding – and despite the integral role the United States played as a full  
15 party in the ITC proceeding that produced it – the government has filed a criminal case against  
16 Ms. Weiden based on the very same facts. The problem for the government is that it is bound by  
17 the ITC’s ruling. It follows that the government cannot prove the central element of the offense  
18 charged against Ms. Weiden, and that the indictment against her must therefore be dismissed.

19 **FACTUAL BACKGROUND**

20 Gee Weiden has worked for the past 15 years as a program manager in the consumer  
21 electronics industry. From 2011 to 2014, Ms. Weiden worked at the consumer device company  
22 AliphCom, Inc., d/b/a Jawbone (“Jawbone”), which produced portable audio devices and  
23 personal activity trackers. *See* Exhibit 1, International Trade Commission, ALJ Decision (“ITC  
24 Decision”) (Aug. 23, 2016), at 26. Ms. Weiden left Jawbone in March 2014. *Id.* After working  
25 at two other technology companies—Microsoft, Inc. and Monster, Inc.— she landed at Fitbit,  
26 Inc. (“Fitbit”) in November 2014. *Id.*

1           **A. The Indictment**

2           The indictment alleges that Ms. Weiden possessed a stolen trade secret in violation of 18  
 3 U.S.C. § 1832(a)(3). This purported trade secret consisted of “Vendor And Pricing Information  
 4 for International Suppliers.” Dkt. 1, p. 7, Count Three. The indictment describes this  
 5 “Information” as “[l]ists and schedules of Jawbone’s vendors who have been determined to be,  
 6 through trial and error, capable of providing reliable services and products, including but not  
 7 limited to printed circuit board fabrication, labor, materials, components, and other services  
 8 involving specialized skills or equipment, and corresponding pricing information.” *Id.* at ¶  
 9 10(c).

10           The government’s theory at trial will be that Ms. Weiden received this “Information” via  
 11 email while she was employed at Jawbone. The government will seek to prove that Ms. Weiden  
 12 later forwarded the “Information” to herself at her Fitbit email address, and that she  
 13 subsequently cut and pasted certain vendors’ names and contact information (but nothing else)  
 14 into emails she sent to Fitbit colleagues.

15           To prove Ms. Weiden guilty of the charged offense, the government would have to  
 16 prove beyond a reasonable doubt that, *inter alia*, the information she allegedly possessed was, in  
 17 fact, a trade secret. *See United States v. Zhang*, Case No. CR-05-00812 RMW, 2012 WL  
 18 1932843 (N.D. Cal. May 29, 2012) (noting that one element of a violation of 18 U.S.C. § 1832  
 19 is “that the information constituted a trade secret”); Ninth Cir. Model Crim. Jury Instr. 8.141B  
 20 (government must prove that the defendant knowingly possessed a trade secret). In turn, this  
 21 would require proof that the information “derive[d] independent economic value, actual or  
 22 potential, from not being generally known to, and not being readily ascertainable through proper  
 23 means by the public,” and that “the owner thereof ha[d] taken reasonable measures to keep such  
 24 information secret.” 18 U.S.C. § 1839(3)(A); *United States v. Chen*, 659 F.3d 815, 826-27 (9th  
 25 Cir. 2011); Ninth Cir. Model Crim. Jury Instr. 8.141C. If the government cannot establish this  
 26 element of the offense, Ms. Weiden cannot be convicted of the only crime charged against her  
 27 in the indictment.

**B. The International Trade Commission Action**

The question whether the “Vendor and Pricing Information for International Suppliers” charged in the indictment constituted a trade secret was adjudicated by the International Trade Commission (“ITC”) in 2016.

The ITC is a quasi-judicial federal agency authorized by statute to investigate and adjudicate, among other things, allegations of unfair competition through the importation of products alleged to incorporate trade secrets. *See* 19 U.S.C. § 1337. When a private party brings a complaint to the attention of the ITC, the Commission conducts a “preinstitution proceeding.” 19 C.F.R. § 210.8. The Commission’s members then vote on whether to initiate an investigation. 19 C.F.R. § 210.10. Among the factors the ITC considers in deciding whether to institute an investigation is the effect a final determination will have “upon the public health and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the United States, and U.S. consumers.” 19 C.F.R. §§ 210.8(c)(1), 210.50(a)(2).

When the ITC elects to pursue an investigation, the Commission assigns an investigative attorney from the Commission’s Office of Unfair Import Investigations (“OUII”), who functions as an independent litigant representing the public interest. 19 C.F.R. § 210.3. The responsibilities of the OUII investigative attorney “are to (1) act as a proxy for the Commission in executing its responsibility to investigate violations of Section 337 and (2) represent the public interest.” Aimee N. Soucie, *Unfair Competition and the ITC: A Treatise on Section 337 Actions* § 4:33 (2017-2018 ed.). Through the investigative attorney, the OUII is a full party to the investigation. *See* U.S. International Trade Commission, Section 337 Investigation FAQs, Official Publication No. 4105 (Mar. 2009), available at [https://www.usitc.gov/intellectual\\_property/documents/337\\_faqs.pdf](https://www.usitc.gov/intellectual_property/documents/337_faqs.pdf). As a party, the OUII is entitled to participate fully in the litigation by, *inter alia*, propounding discovery, taking depositions, filing and opposing pre-trial motions, making arguments and examining witnesses at trial, and filing pre- and post-hearing briefs. 19 C.F.R. §§ 210.49; 210.28; 210.15. In discharging its role, the OUII is required by



law to “consult with” and “seek advice and information from” other federal agencies, including the Department of Justice. 19 U.S.C. § 1337(b)(2). Additionally, after the ALJ reaches an initial decision, the ITC is required to provide notice of the decision to several federal agencies, including the Department of Justice, so that they may comment on the decision before it becomes final. 19 C.F.R. § 210.66(d).

In July 2015, Jawbone lodged a complaint with the ITC alleging that several Jawbone trade secrets were misappropriated by Fitbit and Fitbit employees, including Ms. Weiden. For her part, Ms. Weiden was alleged to have misappropriated Trade Secret No. 128,<sup>1</sup> consisting of “[l]ists, schedules and charts identifying Jawbone’s suppliers and vendors who provide labor, pack-out services, materials and components for Jawbone products, shipping services, distribution services, drafting services, and design services.” Jawbone’s Third Amended Designations of Trade Secrets, at 110. This information was alleged to have assisted Jawbone “to obtain favorable pricing and terms with its vendors, and to maintain favorable prices and terms in the future.” *Id.* at 111.<sup>2</sup>

The ITC elected to institute an investigation into Jawbone’s claims and assigned an administrative law judge to the case. During the ensuing litigation, Fitbit produced approximately 779,000 pages of documents; Jawbone’s expert spent approximately 538 hours inspecting Fitbit’s source code; and 17 Fitbit employees, including Ms. Weiden, were deposed.

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<sup>1</sup> The “vendor information” trade secret was listed as “Trade Secret No. 125” in Jawbone’s designation of trade secrets. However, Jawbone later characterized the same “vendor information” as Trade Secret No. 128, and that was how it was litigated before the ITC. *See* Witness Statement of Jawbone Expert Cheryl Tulkoff, at 39, describing Trade Secret No. 128 as “information on Jawbone’s vendor relationships,” including “any manufacturer, supplier, or vendor who provided labor, pack-out services, materials and components for Jawbone products, shipping services, distribution services, drafting services, and design services.”

<sup>2</sup> Ms. Weiden was also alleged to have misappropriated information relating to a wireless “slot antenna.” That information is not at issue in this case. Notably, however, the ALJ held that the complainants were “unable to specify with any clarity a trade secret [relating to a slot antenna] that was misappropriated, or to demonstrate that Ms. Weiden was the conduit for such misappropriation.” ITC Decision, at 27. The ALJ further held that the “slot antenna” had not been taken from Jawbone at all, but was actually “conceived and developed . . . by a third party, Shanghai Amphenol Airwave (‘Amphenol’), in conjunction with Fitbit engineers.” *Id.*

1 *See Aliphcom, Inc. v. Fitbit, Inc.*, No. CGC-15-546004, Statement of Undisputed Facts (San  
2 Francisco Superior Ct. Nov. 30, 2016). In May 2016, the ALJ presided over a six-day trial. Ms.  
3 Weiden submitted written testimony and sat for live examination for more than two hours  
4 during the trial. *Id.*

5 An investigative attorney from the OUII represented the United States throughout the  
6 litigation. Staff from the OUII attended numerous depositions. They submitted briefs in  
7 connection with significant discovery and pretrial issues. The investigative attorney made an  
8 opening statement at trial, cross-examined trial witnesses, and submitted opening and rebuttal  
9 post-trial briefs.

10 On August 23, 2016, the presiding administrative law judge issued an 87-page decision  
11 rejecting all of Jawbone's trade-secret misappropriation claims.<sup>3</sup> With regard to alleged Trade  
12 Secret No. 128 – the same supposed trade secret Ms. Weiden is alleged to have possessed in this  
13 criminal case – the ALJ concluded that “Complainants have not proven the existence or the use  
14 or disclosure of vendor trade secrets by Ms. Weiden.” *Id.* at 27.

15 The ALJ provided more than seven pages of analysis underpinning her conclusion that  
16 Trade Secret No. 128 was not actually a trade secret. Specifically, the ALJ identified two  
17 reasons why the “Vendor Information” Ms. Weiden possessed did not meet the legal definition  
18 of a trade secret. First, the ALJ held that complainants failed to prove that Jawbone's “vendor  
19 information” was not “publicly available” or “readily available in the industry.” ITC Decision,  
20 at 39. The ALJ explained that the “vendor information” was merely “the recorded results of an  
21 employee's acquisition of general knowledge and skill in the field.” *Id.* at 40 (internal citations  
22 omitted).

23 Second, the ALJ held that this type of vendor information does not constitute a trade  
24 secret even if it is *not* publicly available. The ALJ explained:

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25  
26 <sup>3</sup> The scope of the trade secret allegations narrowed dramatically over the course of the ITC  
27 litigation. Jawbone initially identified 154 alleged trade secrets that had allegedly been  
28 misappropriated. However, by the time the ALJ reached her decision, Jawbone narrowed the  
scope of the case to just five of the original 154 trade secrets. (ITC Decision, at 28.)

1 That a particular vendor does good work is the kind of knowledge that is  
 2 generally acquired by experienced employees in an industry. To preclude  
 3 employees in high-tech industries from using such knowledge because it was  
 4 obtained in the employ of a particular company would prevent them from  
 5 taking advantage of their skills in the job market. The law does not permit  
 this result. . . . In forwarding the vendor contact information and making a  
 general recommendation of a vendor, Ms. Weiden did not reveal trade secret  
 information.

6 *Id.* at 43.

7 In addition, the ALJ held that there was no evidence that Fitbit actually used any of the  
 8 alleged trade secrets. The ALJ made clear that each of these findings constituted a separate and  
 9 independent basis for dismissing the trade secret allegations involving Ms. Weiden. *Id.* at 40  
 10 (“Jawbone has not satisfied any of these requirements.”).

11 The ITC was required to provide notice of the ALJ’s initial decision to the Department  
 12 of Justice and other federal agencies so they could comment before the decision became final.  
 13 *See* 19 C.F.R. § 210.66(d). To the best of Ms. Weiden’s knowledge, the Department of Justice  
 14 did not comment.

15 Jawbone appealed the ALJ’s decision to the full International Trade Commission. On  
 16 October 20, 2016, the full Commission issued an order confirming that the trade secret  
 17 misappropriation claims were meritless. The Commission adopted the ALJ’s conclusion that  
 18 “Jawbone failed to show that the alleged trade secrets constitute actual trade secrets, and that  
 19 Respondents did not misappropriate any of Jawbone’s alleged trade secrets.” Exhibit 2, ITC  
 20 Commission Order (Oct. 20, 2016), at 3.<sup>4</sup>

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22 <sup>4</sup> In addition to its complaint before the ITC, Jawbone filed a civil complaint alleging trade  
 23 secret misappropriation and breach of contract against Fitbit, Ms. Weiden, and five other Fitbit  
 24 employees in San Francisco Superior Court. After the ITC proceeding resolved, Fitbit sought  
 25 dismissal of the civil complaint on grounds of *res judicata*. The Superior Court denied the  
 26 motion on the grounds that the five alleged trade secrets that the ITC adjudicated presented a far  
 27 narrower range of issues than the dozens of trade secret claims pending in Superior Court. *See*  
 28 *Aliphcom, Inc. v. Fitbit, Inc.*, No. CGC-15-546004, Order Denying Defendants’ Motion for  
 Summary Adjudication/Judgment (San Francisco Superior Ct. Mar. 24, 2017), at 1 (finding that  
 “not all of the issues raised in our case were adjudicated” in the ITC, and “the elements  
 necessary to prove a trade secret appropriation under California law are different than in the  
 ITC”). By contrast, as set forth herein, the lone issue of relevance in *this* criminal proceeding –

## ARGUMENT

### I. Collateral Estoppel Bars the Government From Relitigating Issues Previously Determined by the ITC

The doctrine of “collateral estoppel,” or “issue preclusion,” prevents a party from relitigating an issue decided in a previous action if four requirements are met: “(1) there was a full and fair opportunity to litigate the issue in the previous action; (2) the issue was actually litigated in that action; (3) the issue was lost as a result of a final judgment in that action; and (4) the person against whom collateral estoppel is asserted in the present action was a party or in privity with a party in the previous action.” *Kendall v. Visa U.S.A., Inc.*, 518 F.3d 1042, 1050 (9th Cir. 2008).

Collateral estoppel applies with full force in criminal proceedings. *See United States v. Cejas*, 817 F.2d 595, 598 (9th Cir. 1987) (“The doctrines of *res judicata* and collateral estoppel apply to criminal, as well as civil, proceedings.”); *see also United States v. Egan Marine Corp.*, 843 F.3d 674, 678 (7th Cir. 2016) (dismissing criminal charges against tugboat captain where captain prevailed in prior civil action filed by DOJ); *United States v. Abatti*, 463 F. Supp. 596, 601 (S.D. Cal. 1978) (holding that collateral estoppel barred federal criminal tax prosecution of taxpayer who prevailed on petition for redetermination in tax court). Courts recognize that “[i]f the United States cannot prove a factual claim on the preponderance standard, it cannot logically show the same thing beyond a reasonable doubt.” *Egan Marine*, 843 F.3d at 676. Moreover, the government is not entitled to “the benefit of civil discovery, which is more extensive than that allowed in criminal prosecutions . . . without the detriment of being bound by the civil judgment if it loses.” *Id.* at 678.

A consistent line of cases holds that federal administrative agency decisions give rise to collateral estoppel. The general rule is that collateral estoppel applies when an administrative agency acts in a judicial capacity and “resolves disputed issues of fact properly before it which

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to wit, whether the “Vendor Information” that Ms. Weiden allegedly possessed was a trade secret – was indeed litigated and ruled upon before the ITC.

1 the parties have had an adequate opportunity to litigate.” *United States v. Utah Constr. Co.*, 384  
 2 U.S. 394, 421-22 (1966).

3 Under this standard, non-patent rulings by the International Trade Commission are  
 4 regularly accorded preclusive effect. *See, e.g., Union Mfg. Co., Inc. v. Han Baek Trading Co.,*  
 5 *Ltd.*, 763 F.2d 42, 45 (2d Cir. 1985) (ITC’s determination of trademark issues precluded  
 6 subsequent litigation of the same issues in federal court); *Baltimore Luggage Co. v. Samsonite*  
 7 *Corp.*, 727 F. Supp. 202, 207 (D. Md. 1989) (issues fully and fairly litigated before ITC could  
 8 not be relitigated in any subsequent proceeding), *aff’d*, 977 F.2d 571 (4th Cir. 1992); *Aunyx*  
 9 *Corp. v. Canon U.S.A., Inc.*, 978 F.2d 3, 7-8 (1st Cir. 1992) (giving res judicata effect to ITC  
 10 decision in later civil antitrust case); *Manitowoc Cranes, LLC v. Sany America, Inc.*, Case No.  
 11 13-C-677, 2017 WL 6327551 (E.D. Wis. Dec. 11, 2017) (holding that ITC determinations of  
 12 trade secret misappropriation issues should be given preclusive effect); *U.S. Int’l Trade Comm’n*  
 13 *v. Jaffe*, 433 B.R. 538, 544 (E.D. Va. 2010) (applying collateral estoppel based on ITC  
 14 determination because “to hold otherwise would undermine the legitimacy of the ITC  
 15 proceeding”); *Block v. U.S. Int’l Trade Comm’n*, 777 F.2d 1568, 1571 (Fed. Cir. 1985) (noting  
 16 that an ITC determination is conclusive in subsequent action involving same parties when an  
 17 “issue of fact or law is actually litigated and determined by a valid and final judgment”). As the  
 18 Second Circuit has explained, “[I]itigants should not be able to circumvent the decisional  
 19 authority of the ITC and the reviewing authority of the Federal Circuit by filing in a district  
 20 court what amounts to a collateral attack on the ITC determination.” *Union Mfg. Co.*, 763 F.2d  
 21 at 45; *see generally* Soucie, *supra*, § 9:10 (“To date, the editors are not aware of any courts  
 22 having found differently from the Second Circuit in *Union Manufacturing* and denying  
 23 preclusive effect to non-patent-based ITC decisions.”). Accordingly, with the narrow exception  
 24 of patent claims (over which Congress has granted exclusive jurisdiction to the district courts),  
 25 collateral estoppel applies to final rulings by the ITC.

26 ///

27 ///

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1           **II. The ITC’s Ruling that the “Vendor Information” Is Not a Trade Secret**  
 2           **Precludes the Government From Proving the Offense Charged Against Ms.**  
 3           **Weiden**

4           The question whether the “vendor and pricing information for international suppliers”  
 5           that Ms. Weiden allegedly possessed constitutes a trade secret was conclusively determined in  
 6           the ITC action. It follows that the issue cannot be relitigated in the context of this criminal case  
 7           – and hence that the government cannot prove the elements of the lone offense charged against  
 8           Ms. Weiden in the indictment.

9           All four of the factors required to apply collateral estoppel are present here. *See*  
 10          *Kendall*, 518 F.3d at 1050. First, there was a full and fair opportunity to litigate the trade secret  
 11          issue in the ITC case. Second, the question whether the vendor information Ms. Weiden  
 12          possessed constitutes a trade secret issue was actually litigated before the ITC. Third, the  
 13          question was fully adjudicated and a final judgment was entered by the full Commission.  
 14          Fourth, the party against whom collateral estoppel is asserted in the present action, the United  
 15          States, was a party or in privity with a party before the ITC.

16           **1. The Trade Secret Issue Was Fully and Fairly Litigated Before the ITC**

17          First, the question whether the vendor information Ms. Weiden possessed was a trade  
 18          secret was fully and fairly litigated before the ITC. The formality of the ITC process and the  
 19          extensive litigation engaged in by both sides—more than a dozen depositions, a six-day trial,  
 20          hundreds of admitted exhibits, and more than 1,000 pages of pre- and post-trial briefing—leaves  
 21          no doubt that the ITC proceeding was sufficiently robust to trigger issue preclusion. As the ITC  
 22          explains in its own publication, “Section 1337 investigations are conducted in accordance with  
 23          procedural rules that are similar in many respects to the Federal Rules of Civil Procedure. . . .  
 24          Hence, parties have the right of adequate notice, cross-examination, presentation of evidence,  
 25          objection, motion, argument, and other rights essential to a fair hearing.” ITC Official  
 26          Publication No. 4105, *supra*, at 2; *cf. B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct.  
 27          1293, 1309 (2015) (noting that preclusion may not apply when “the procedures used in the first  
 28          proceeding were fundamentally poor, cursory, or unfair”). The thick record of the ITC

proceeding makes clear that the parties not only had the opportunity to litigate the issue, but that they took full advantage of it.

**2. The Issue of Whether the “Vendor Information” Constitutes a Trade Secret Was Actually Litigated in the ITC Case**

Second, the ITC’s decision that the “Vendor Information” Ms. Weiden possessed did not meet the legal definition of a trade secret was actually litigated in the ITC case. *See In re Huang*, 275 F.3d 1173, 1177-78 (9th Cir. 2002) (issues must be litigated or determined for issue preclusion to apply). Trade Secret No. 128 in the ITC action consisted of the same “Vendor Information” that is at issue in the present criminal case. There, as here, that information was contained in a handful of emails Ms. Weiden received while working at Jawbone and later forwarded to herself while working at Fitbit. And there, as here, the information consisted of “[l]ists and schedules of Jawbone’s vendors who have been determined to be . . . capable of providing reliable services and products, including but not limited to printed circuit board fabrication, labor, materials, components, and other services involving specialized skills or equipment, and corresponding pricing information.” Dkt. 1, ¶ 10(c); *accord* Jawbone’s Third Amended Designations of Trade Secrets, at 110-111 (describing alleged trade secret as “[l]ists, schedules and charts identifying Jawbone’s suppliers and vendors” that facilitated “favorable pricing and terms with its vendors”).

Moreover, in reaching her determination that the information Ms. Weiden possessed was not a trade secret, the ALJ applied the same legal definition of a trade secret that governs the present case. *See* ITC Decision, at 18 (“In the chapter of Title 18 of the U.S. Code proscribing the ‘[t]heft of trade secrets,’ Congress defined ‘trade secret’ as information that the owner ‘has taken reasonable measures to keep’ secret and which ‘derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means.’” (citing 18 U.S.C. §§ 1832, 1839(3))). The ALJ held that the information Ms. Weiden possessed did not meet this definition because, *inter alia*, the information was “generally available” or “readily acquired.” *Id.* at 40. This holding was essential to the ALJ’s ruling that the claims of trade-secret misappropriation lacked merit. *Id.* at



39-40 (“With respect to vendors, the complaining party must show that the information is not ‘publicly available’ or ‘readily available in the industry.’ . . . Jawbone has not satisfied any of these requirements.”).

In short, the ALJ applied the same law to the same facts to make a finding on the same issue presented in the criminal case.

### **3. The Trade Secret Issue Was Resolved By Way of a Final ITC Judgment**

To have preclusive effect, an administrative decision must be final. *International Brotherhood of Elec. Workers v. Brink Constr. Co.*, 825 F.2d 207, 213 (9th Cir. 1987); *cf. Ornellas v. Oakley*, 618 F.2d 1351, 1356 (9th Cir. 1980) (noting that a “reversed or dismissed judgment cannot serve as the basis for a disposition on the ground of res judicata or collateral estoppel”). In her August 23, 2016 decision, the ALJ definitively ruled that the “vendor information” possessed by Ms. Weiden was not a trade secret as defined by federal law. ITC Decision, at 42 (rejecting Jawbone’s trade secret allegations regarding vendor information “as a matter of law”). This determination became final for purposes of issue preclusion on October 20, 2016, when the full ITC Commission denied Jawbone’s petition for review, affirmed the ALJ’s decision, and terminated the case. Exhibit 2, at 1; *see Aunyx Corp.*, 978 F.2d at 7 (ITC decision rendered final for res judicata purposes when time for appeal ends).

### **4. The Government Was a Party, Or In Privity with a Party, to the ITC Case**

Issue preclusion applies where the parties to a second action are functionally the same or are in privity with the parties to the first action. *Kendall*, 518 F.3d at 1050. Here, the Department of Justice is estopped from relitigating the trade-secret issue because the United States was both an actual party and the real party in interest in the ITC action. *See United States v. Abatti*, 463 F. Supp. 596, 603 (S.D. Cal. 1978) (applying collateral estoppel to bar criminal prosecution where “[t]he government was, for all intents and purposes, the plaintiff in the first [tax court] proceeding, and as such, it could control the circumstances of litigation.”).

At all times, the United States, through the U.S. Office of Unfair Import Investigations, was a named party in the ITC case. *See* 19 C.F.R. § 210.3 (“Party means each complainant,



respondent, intervenor, or the Office of Unfair Import Investigations.”). ITC regulations authorized the United States to play an active role in the proceedings by taking up to ten depositions and participating in all depositions taken by other parties, filing its own motions and responding to the motions of other parties, making opening statements and cross-examining witnesses at trial, and seeking its own appeal if it was dissatisfied with the result reached by the ALJ. 19 C.F.R. §§ 210.49; 210.28; 210.15; *see also* Soucie, *supra*, § 3:6 (“In most investigations, the staff attorney will participate in conferences of the parties, discovery and motions practice, the hearing, and will submit post-hearing briefs.”). In fact, the United States, through the OUII, participated in depositions in the ITC matter,<sup>5</sup> presented its own case in chief at the trial, and submitted pre- and post-hearing briefs that addressed, *inter alia*, the question of whether the “Vendor Information” Ms. Weiden possessed met the legal definition of a trade secret.

Beyond its formal status as a party to the litigation, the United States is bound by the ITC’s ruling because it was “the real party in interest” in the ITC case. *See Jaffe*, 433 B.R. at 544 (finding that the United States is “the real party in interest” in ITC proceedings). Having elected to commence an investigation into the allegations asserted in Jawbone’s ITC complaint, the government became more than a passive observer of the ITC proceedings. *See id.* (noting that when “a private party files a complaint upon which a government agency chooses independently to commence an investigation, the government agency’s investigation is an action brought by a governmental unit”). Rather, the United States acquired a stake in the outcome of the action in its role as an enforcer of trade-secret protections.

Notably, the position the United States ultimately took before the ITC was inconsistent with the position the government is taking in this case. While the OUII attorneys started off the investigative process by consulting with Jawbone, by the end of the proceeding, they reversed their position and argued forcefully *against* Jawbone’s contention that the information Ms.

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<sup>5</sup> In the ITC case, the ALJ’s published rules required the OUII investigative attorney to participate in biweekly meetings of a “discovery conference committee” to resolve discovery disputes. *See* Ground Rules of Judge Dee Lord, Rule 4.1.1 (Discovery Committee).

1 Weiden possessed was a trade secret. As the OUII wrote in its Posthearing Brief, a finding that  
2 Ms. Weiden's "Vendor Information" constitutes a trade secret would effectively mean that  
3 "whether or not Jawbone has ever used UPS or Federal Express to ship a package containing  
4 Jawbone products is part of its manufacturer, supplier, and vendor trade secret." Commission  
5 Investigative Staff's Posthearing Brief, at 28. Accordingly, the OUII urged the ALJ to reject the  
6 argument that Ms. Weiden possessed a trade secret.

7 Finally, the United States' active participation in the ITC proceeding was sufficient to  
8 trigger collateral estoppel even if the government had not been a formal or real party in interest.  
9 It is well settled that collateral estoppel applies against a non-party who assumes control over  
10 litigation that directly affects its interests. *See Montana v. United States*, 440 U.S. 147, 153  
11 (1979) ("One who prosecutes or defends a suit in the name of another to establish and protect  
12 his own right, or who assists in the prosecution or defense of an action in aid of some interest of  
13 his own . . . is as much bound . . . as he would be if he had been a party to the record.") (citation  
14 and internal quotes omitted); *Adams v. Morton*, 581 F.2d 1314, 1318 (9th Cir. 1978) (applying  
15 preclusion to a "non-party who . . . has an interest sufficiently close to the matter in litigation,  
16 and had an adequate opportunity to litigate in support of or in defense against the cause of action  
17 on which the suit is based") (citing 1B Moore's Federal Practice, P 0.411(6), at 1552 (2d ed.  
18 1974)). As detailed above, the ITC not only reviewed Jawbone's complaint and elected to  
19 initiate an investigation, but, through the OUII, also joined in the pretrial litigation, argued at  
20 trial, and submitted post-trial briefing to the ALJ. The United States thus "plainly had a  
21 sufficient 'laboring oar' in the conduct of the [ITC] proceeding to actuate principles of  
22 estoppel." *Montana*, 440 U.S. at 974; *cf. EEOC v. Pemco Aeroplex, Inc.*, 383 F.3d 1280, 1287-  
23 88 (11th Cir. 2004) (finding no preclusion against EEOC where EEOC's role in earlier  
24 proceeding was advisory only, EEOC "was [not] heard at all during the trial," and EEOC "had  
25 no power to decide which claims the plaintiffs could assert" or how the case should be argued or  
26 appealed). For this reason, too, the ITC's ruling controls here.

1 In sum, the ITC's determination that Ms. Weiden did not possess a trade secret precludes  
2 a contrary finding in this Court. As a result, the government cannot possibly prove that the  
3 "Vendor Information" described in the indictment was a trade secret. The necessary failure of  
4 this element of the charged offense dooms this prosecution. *See Abatti*, 463 F. Supp. at 601  
5 (dismissing criminal charge where "the Tax Court has already decided adversely to the  
6 government an element of the government's case"). The lone count of the indictment charged  
7 against Ms. Weiden must accordingly be dismissed.

### 8 CONCLUSION

9 For the reasons stated, the Court should find that the government is collaterally estopped  
10 from proving that Ms. Weiden possessed a trade secret. Accordingly, the Court should grant  
11 Ms. Weiden's motion and dismiss the lone charge against her.

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13 Dated: November 2, 2018

Respectfully submitted,

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